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**TO: Economic Support Supervisors  
Economic Support Lead Workers  
Training Staff  
Child Care Coordinators  
W-2 Agencies**

**FROM: Amy Mendel-Clemens  
Communications Section  
Bureau of Health Care Eligibility**

**BHCE/BWP OPERATIONS MEMO**

**No.: 03-08**

**Date: 02/14/03**

**Non W-2 [X] W-2 [X] CC [X]**

**PRIORITY: HIGH**

**SUBJECT: Earned Income Credit, Child Tax Credit and Homestead Credit**

**EFFECTIVE DATE:** Immediately

**PURPOSE**

This memo reminds Wisconsin Works (W-2) and Economic Support (ES) agencies of the importance of the Earned Income Credit, the Child Tax Credit and Homestead Credit as resources to working low-income families and informs staff about the availability of free tax preparation assistance.

**BACKGROUND**

Agencies have been regularly reminded to inform W-2 applicants and recipients, ES applicants and recipients and other low-income customers of the agency, of the availability of tax credits for working families. The most significant of these is the Earned Income Credit (EIC). For eligible families filing tax returns for 2002, the maximum federal credit is \$4,140 and the maximum state credit is \$1,780.

Also, many low-income working families will be eligible for the child tax credit. The child tax credit is a federal benefit worth up to \$600 for each dependent child under age 17. In 2002, even families that earned too little to owe income tax can get the credit. They will receive all or part of their credit in the form of a refund check from the IRS. This credit is in addition to the Earned Income Credit; most low-income working families will qualify for both credits.

In addition, many low-income working families will also qualify for the Wisconsin Homestead Credit. Households with incomes less than \$24,500 may be eligible for a credit or refund, which

can be worth up to \$1,160. This credit is for both homeowners and renters. Also, people who reside in mobile homes or nursing homes who paid property taxes may also qualify to file a claim.

### ***ACTION REQUESTED***

Economic Support staff and W-2 staff need to be aware of these credits and educate applicants and recipients of services as to the value of these credits. Agencies should maintain self-help materials on EIC and refer individuals to the Internal Revenue Service's Volunteer Income Tax Assistance (VITA) site for free tax preparation assistance. In addition, agencies are urged to alert potentially eligible individuals to the advance feature of the federal EIC so that a portion of the credit can be included in regular paychecks.

If a customer is going to use a VITA service, he or she should be reminded to take appropriate documentation. The IRS suggests that individuals bring their form W-2, any additional income information, and the prior year's tax return (if any) to the VITA site.

For the location of a VITA site or other federal tax-related questions, please call 1-800-829-1040.

Wisconsin VITA sites and hours are listed at: [http://www.uwex.edu/ces/econ/vita\\_03.html](http://www.uwex.edu/ces/econ/vita_03.html)

Other free tax assistance sites sponsored by AARP can be found at:  
<https://secure.aarp.org/servlet/org.aarp.vmis.html.VmisWebServlet/taxsite/TALocateSite.jsp>

For more information on the federal EIC see the IRS web site at <http://www.irs.gov/pub/irs-pdf/p596.pdf>

For more information on the Wisconsin EIC see the Wisconsin Department of Revenue web site at <http://www.dor.state.wi.us/faqs/eic.html>

For more on the Wisconsin Homestead credit see the Wisconsin Department of Revenue web site at <http://www.dor.state.wi.us/faqs/home.html>

For more information on the child tax credit see the UW Extension site at <http://www.uwex.edu/ces/econ/>

### ***CONTACTS***

BHCE CARES Information & Problem Resolution Center

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Note: Email contacts are preferred. Thank you.

DWD/DWS/BDS/DR